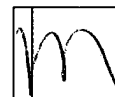


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W - 02624A

MICHAEL'S Ranch Water USERS' ASSOCIATION
1 MICHAELS RANCH ROAD
SEDONA, AZ 86336

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
----	----	------

FOR COMMISSION USE

ANN 04	06
--------	----

PROCESSED BY:

4-17-07

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Michael's Ranch Water Users' Association

Mailing Address 1 Michael's Ranch Rd.
(Street)

Sedona

(City)

AZ

(State)

86336

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address none

Local Office Mailing Address _____
(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Howard Green Treasurer
(Name) (Title)

360 Micheals Ranch Rd

(Street)

Sedona

(City)

AZ

(State)

86336

(Zip)

928-203-4939

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: Same as Management Contact
(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: William Sullivan @ Martinez & Curtis
(Name)

2712 N. 7th St.

(Street)

Phoenix

(City)

AZ

(State)

85006-1090

(Zip)

602-248-0372

Telephone No. (Include Area Code)

602-266-8290

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Same as Statutory Agent
(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input checked="" type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME**MICHAEL'S RANCH WATER USERS' ASSOCIATION - 2006****UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	5,000		5,000
304	Structures and Improvements	29,277	14,659	14,618
307	Wells and Springs	32,000	21,330	10,670
311	Pumping Equipment	17,268	12,219	5,049
320	Water Treatment Equipment	1,085	108	977
330	Distribution Reservoirs and Standpipes	47,730	31,777	15,953
331	Transmission and Distribution Mains	58,800	35,280	23,520
333	Services	3,500	2,335	1,165
334	Meters and Meter Installations	3,000	2,750	250
335	Hydrants	1,400	840	560
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	199,060	121,298	77,762

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME**MICHAEL'S RANCH WATER USERS' ASSOCIATION - 2006****CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	5,000		
304	Structures and Improvements	29,277	3.33%	975
307	Wells and Springs	32,000	3.33%	1,066
311	Pumping Equipment	17,268	12.50%	2,159
320	Water Treatment Equipment	1,085	3.33%	36
330	Distribution Reservoirs and Standpipes	47,730	2.22% / 5.00%	1,636
331	Transmission and Distribution Mains	58,800	2.00%	1,176
333	Services	3,500	3.33%	117
334	Meters and Meter Installations	3,000	8.33%	250
335	Hydrants	1,400	2.00%	28
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	199,060		7,443

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

COMPANY NAME
MICHAEL'S RANCH WATER USERS' ASSOCIATION - 2006

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 35,118	\$ 42,053
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	1,455	3,523
146	Notes/Receivables from Associated Companies	0	251
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 36,573	\$ 45,827
	FIXED ASSETS		
101	Utility Plant in Service	\$ 197,607	\$ 199,060
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	113,855	121,298
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 83,752	\$ 77,762
	TOTAL ASSETS	\$ 120,325	\$ 123,589

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME**MICHAEL'S RANCH WATER USERS' ASSOCIATION - 2006****BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ -	\$ -
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes	90	315
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 90	\$ 315
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds		
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ -	\$ -
	TOTAL LIABILITIES	\$ 90	\$ 315
	CAPITAL ACCOUNTS		
201	Common Stock Issued		
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	120,235	123,274
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 120,235	\$ 123,274
	TOTAL LIABILITIES AND CAPITAL	\$ 120,325	\$ 123,589

COMPANY NAME**MICHAEL'S RANCH WATER USERS' ASSOCIATION - 2006****COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 23,337	\$ 27,652
460	Unmetered Water Revenue		
474	Other Water Revenues	147	153
	TOTAL REVENUES	\$ 23,484	\$ 27,805
	OPERATING EXPENSES		
601	Salaries and Wages	\$ -	\$ -
610	Purchased Water	247	0
615	Purchased Power	2,158	4,613
618	Chemicals		
620	Repairs and Maintenance	2,498	4,735
621	Office Supplies and Expense	101	87
630	Outside Services	5,959	4,702
635	Water Testing		
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability	2,026	1,857
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	74	1,103
403	Depreciation Expense	7,261	7,443
408	Taxes Other Than Income		
408.11	Property Taxes	718	420
409	Income Tax	45	183
	TOTAL OPERATING EXPENSES	\$ 21,087	\$ 25,143
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ 82	\$ 98
421	Non-Utility Income	0	279
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	12	0
	TOTAL OTHER INCOME/EXP	\$ 70	\$ 377
	NET INCOME/(LOSS)	\$ 2,467	\$ 3,039

COMPANY NAME	MICHAEL'S RANCH WATER USERS' ASSOCIATION - 2006
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SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 0

Meter Deposits Refunded During the Test Year \$ 0

COMPANY NAME: Michael's Ranch Water Users' Association - 2006

Name of System **ADEQ Public Water System Number (if applicable)**

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-518864	7 ½	50-60	680	10" (0-20") 8" (20-680")	2	1987

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	2	3	0

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
75,000 gal.	1	2,000 gal.	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Michael's Ranch Water Users' Association - 2006

Name of System

ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	PVC	4,500
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	21
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

None

STRUCTURES:

Fence around well yard

Pump building

Driveway to well yard

OTHER:

1.5 HP Compressor

Water level gauge + warning light on storage tank

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME MICHAEL'S RANCH WATER USERS' ASSOCIATION YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 420

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)
YAVAPAI
NAME (OWNER OR OFFICIAL) TITLE
HOWARD GREEN, TREASURER
COMPANY NAME
MICHAEL'S RANCH WATER USERS' ASSOCIATION

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

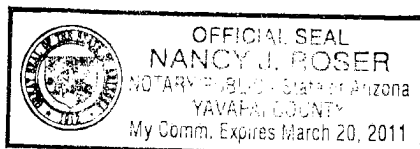
MONTH	DAY	YEAR
12	31	2006


HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.





SIGNATURE OF OWNER OR OFFICIAL
928-203-4939

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

13th

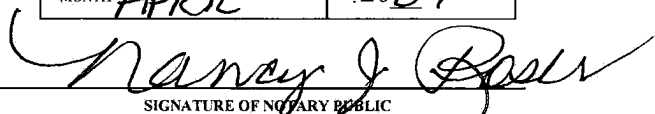
DAY OF

COUNTY NAME	YAVAPAI	
MONTH	APRIL	2007

(SEAL)

MY COMMISSION EXPIRES

3/20/10



SIGNATURE OF NOTARY PUBLIC

COMPANY NAME MICHAEL'S RANCH WATER USERS' ASSOCIATION YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>920</u>
Estimated or Actual Federal Tax Liability	<u>138</u>

State Taxable Income Reported	<u>965</u>
Estimated or Actual State Tax Liability	<u>45</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

4/13/07

DATE

HOWARD GREEN

PRINTED NAME

TREASURER

TITLE

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
YAVAPAI
NAME (OWNER OR OFFICIAL) TITLE
HOWARD GREEN, TREASURER
COMPANY NAME
MICHAEL'S RANCH WATER USERS' ASSOCIATION

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

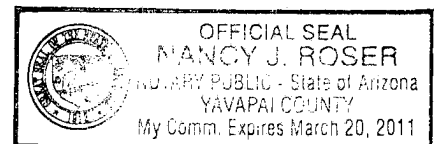
\$ 29,467

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 1,662

IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



[Signature]
SIGNATURE OF OWNER OR OFFICIAL
928-203-4939
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 13th **DAY OF**

(SEAL)

MY COMMISSION EXPIRES 3/20/10

COUNTY NAME
YAVAPAI
MONTH APRIL YEAR 2007

[Signature]
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**
Intrastate Revenues Only

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	YAVAPAI	
NAME (OWNER OR OFFICIAL)	HOWARD GREEN	TITLE TREASURER
COMPANY NAME	MICHAEL'S RANCH WATER USERS' ASSOCIATION	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

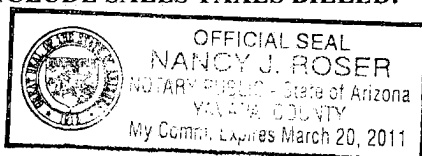
\$ 29,467

THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 1,662

IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**



SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

13th

DAY OF

(SEAL)

MY COMMISSION EXPIRES

3/20/10

SIGNATURE OF OWNER OR OFFICIAL
928-203-4939
TELEPHONE NUMBER

NOTARY PUBLIC NAME	NANCY J. ROSER	
COUNTY NAME	YAVAPAI	
MONTH	APRIL	2007

X
SIGNATURE OF NOTARY PUBLIC